

BULLETIN

To: Insurance Companies With Approved Individual Long-Term Care Contracts

Re: Revised Interpretation of Regulation

Date: February 16, 2001

Bulletin No: Life and Health 01-05

The purpose of this bulletin is to notify insurers of the Administration's revised position on certain natural death benefits that appear in individual long-term care contracts. COMAR 31.04.17.09B reads:

"A health insurance policy issued under Insurance Article, Title 15, (Subtitle 2) Annotated Code of Maryland, or any supplementary benefit under such a policy, may not provide a natural death benefit."

Legislation that was enacted after the effective date of this regulation (§16-214, Insurance Article) permitted individual life insurance contracts to include long-term care benefits. Due to this legislation and to the unique nature of long-term care insurance, we have reconsidered our interpretation of this regulation with regard to certain benefits that may be sold in conjunction with this coverage. In particular, we have determined that the following benefits in long-term care contracts are not natural death benefits, but are an extension of the long-term care benefits:

- A waiver of premium benefit that waives the premium for the life of the policy upon the death of a spouse;
- A benefit that increases the lifetime maximum under one spouse's coverage upon the death of the other spouse.

If your company is interested in pursuing approval of individual long-term care contracts or riders containing these benefits, please submit them in duplicate to the attention of Fern Thomas, Health Review Unit Supervisor.

If you have any questions on this matter, please call (410) 468-2170 and mention this bulletin by bulletin number.

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Associate Commissioner
Life and Health